SHRI ATAL BIHARI VAJPAYEE: Sir, who is to decide whether a supplementary is irrelevant or relevant?

MR. CHAIRMAN: It is for the Chair to decide.

SHRI ATAL BIHARI VAJPAYEE: And not for the Minister.

MR. CHAIRMAN: Yes.

SHRI J. VENGAL RAO: Sir, it was only a suggestion. It is not my decision.

Financial crisis in Maruti Udyog Limited

*163. SHRI K. G. MAHESWARAPPA: Will the Minister of INDUSTRY be pleased to state:

(a) whether the Maruti Udyog Limited has been incurring losses on the vehicles assembled and marketed by it on behalf of Suzuki of Japan;

(b) whether these losses are covered by the interest on the deposits secured from the prospective buyers of the vehicles;

(c) if so, what steps are being taken by Government to overcome the financial crisis faced by the Company; and

(d) whether Government propose to re-negotiate its contract with Suzuki of Japan to overcome the financial crisis?

THE MINISTER OF STATE IN THE DEPARTMENT OF PUBLIC ENTERPRISES IN THE MINISTRY OF INDUSTRY (PROF. K. K. TEWARY): (a) Maruti Udyog Limited, which has a technical and financial collaboration with Suzuki of Japan and does not assemble or market vehicles on their behalf, has not incurred any losses in its manufacturing and sales operation.

(b) and (c) Do not arise.

(d) No, Sir.

SHRI K. G. MAHESWARAPPA: Sir, the answer is very vague. The answer is that the company has not incurred any losses. In the report, the actual profit is about Rs. 3 crores. Now, the thrust of my question is in regard to the deposits and the interest obtained out of the deposits and in a country like ours where there is capital scarcity, the company has mobilised a staggering sum of Rs. 421 Crores in less than 36 months. Even if it is Rs. 300 crores and if the company advances loans to other corporate concerns, they get Rs. 45 crores as interest annually. Deducting the interest they pay, that is 7 per cent to the depositors, they will get Rs. 24 crores per annum by way of interest. So, you have to take into account that amount as also the concessions enjoyed by the company, that is 50 per cent import duty concession Maruti is given 50 per cent concession in import duty on the cold rolled sheets which are used for body building, from the day Maruti started using these sheets. The other manuufacturer companies are paying 136 per cent. Out of these two items, Rs. 25 crores out of deposits and a saving of Rs. 25 crores in import duty, together there is a saving of Rs. 50 crores per annum. But they have not taken this into account and the company shows in its report a profit of only Rs. 3 crores odd...

MR. CHAIRMAN: That is enough. The rest you ask in the next supplementary. First let the Minister reply to this part. Mr. Minister, he has raised two points: (1) Have you taken into account the interest earned by you on the deposits made by the public, in calculating the profit and loss of your company? (2) Have you taken into account the 50 per cent customs duty concession which is given to you on the import of certain raw materials?

PROF. K. K. TEWARY: The deposits and the interest thereon are part of the capital of the company and they have been definitely taken into account in the profits. And I can inform the House that earning of interest on deposits is nothing very unusual for Maruti only. Other companies also

have invited deposits in the private sector, for example, and they have also earned crores of interest. Here is a Government company and if the interest that is earned by it is taken out, then the prices will rise. Therefore, the interest on deposits, I think, is in the interests of the general public because that keeps the prices at a reasonable level.

MR. CHAIRMAN: What about the other part of the question?

PROF. K. K. TEWARY: As regards the 50 per cent concession that is the policy of the Government and that has also been taken into account. As of now that policy of the Government stands and Maruti has definitely taken advantage of that.

SHRI NIRMAL CHATTERJEE: Sir, for the benefit of the Members, why don't you also play the other role of clarifying the answers on behalf of the Minister? If the Minister requires your help, why don't you help him?

MR. CHAIRMAN: If I start doing that also, you will complain that I am helping the Minister.

PROF. K. K. TEWARY: I can inform the honourable Members, I don't require any help. I would have replied to the other supplementary even otherwise. What he says is not Greek.

SHRI NIRMAL CHATTERJEE: You have not answered what he has asked. . .

MR. CHAIRMAN: Mr. Nirmal Chatterjee, don't interrupt now. I will give you an opportunity to put your question.

SHRI K. G. MAHESWARAPPA: In regard to the sales tax also even many of the States are pressurised to discriminate in favour of Maruti with the result the other manufacturers are put in a disadvantage and they have filed Writ Petitions which are pending. Is it a fact that sales tax concession is shown to this particular company in nearly ten States? Secondly, so far as prices are concerned, the prices of the spare parts of this company are higher than the prices of other companies. As a result of it, the other companies may fall sick, companies which have invested over Rs. 500 crores are put to a great disadvantage because of the discrimination against them. There are a number of Writ Petitions pending. Is it a fact or not that Writ Petitions are pending and they have not been disposed of, and the same sales tax concession is not shown to the other companies?

PROF. K. K. TEWARY: To take the last supplementary first, the honourable Member and the House will agree with me that the advent of Maruti has been widely hailed all over the country and Maruti has triggered a new phase of modernisation and technological upgradation in the automobile sector. Fuel efficiency and general technology upgradation before Maruti came on the scheme—the technology was nearly 30 years old and the automobile sector was languishing. So, there is no question of any other company in the automobile sector suffering any losses or lapsing into sickness because of Maruti. In fact, Maruti has inducted a new culture in the automobile sector and that is how you find that more and more fuel-efficient cars are now available in the market and there is a greater degree of competition and the buyers have an option to choose now. About discrimination, Sir, he referred to certain cases and since those cases are in the court, I think I should not express any opinion on them.

MR. CHAIRMAN: Is it a fact that the prices of the spare parts of Maruti are higher than the market prices?

PROF. K. K. TEWARY: Sir, I have already informed the honourable Members that our efforts at indegenisation are going apace. We have indegenised and according to the project report, a number of items are there and the costs of the items which are being produced are reasonable. But there are imports which we are doing because

the ancillary sector has not been up to the mark and has not produced sufficient quantity of spares. Therefore, we are monitoring the prices and I can inform the House that almost every month we are monitoring and our efforts will be to keep the prices under control so that the consumers do not suffer.

MR. CHAIRMAN: Yes, Mr. Sukul.

SHRI P. N. SUKUL: Mr. Chairman, Sir, when Maruti Udyog was established, it was established not merely to produce cars with a little more fuel efficiency, but it was established with a view to providing the middle-class buyers with low-cost cars which would suit the pockets of the middle-class people, the middle-income group. Now, you see, because of the latest cost escalation in the case of Maruti cars, it cannot be termed as a low-cost car. So, I would like to ask the honourable Minister why, if there have been no losses, the cost of the car has been increased defeating the very purpose of production of this car.

PROF. K. K. TEWARY: Sir, for the price rise in Maruti cars, there are so many factors which are beyond our control. Number one, for example, is the steep rise in the exchange rate and then, in the recent Budget, there has been a hike in the Excise Duty on fuel-efficient cars which are below 1000 cc.

AN HON. MEMBER: But this is only 800 cc.

PROF. K. K. TEWARY: Yes. Because of these factors, cost escalation has become inevitable. So far as the concept of People's car is concerned, we have to be in the competitive market and we have to compete. Although we do subscribe to the view that cars should be available to the middle-class people at reasonable prices, the buyers' pious hopes and the realities of the market do not somehow conform together, do not together coalesce. Therefore, in spite of our [illegible] we have not been able to keep the prices at the original estimates. But even now, I think, Maruti is the cheapest car in the market and by far the best and I think the House will agree with me on this.

MR. CHAIRMAN: Mr. Gopalsamy.

SHRI NIRMAL CHATTERJEE: Is it really cheapest?

SHRI V. GOPALSAMY: Mr. Nirmal, please allow me to put my question. Sir, Maruti Udyog Limited has increased the price of its car by Rs. 25,000 in one year in two doses. But the Minister says that for certain reasons the price has been increased. Then, why Fiat and Ambassador have increased their prices only by five thousand rupees? Why you have increased production from 65,000 to one lakh this year? Because of the entry of Maruti cars, the sale of Fiat and Ambassador suffered. Is it because of the Fiat and Ambassador lobby that you have increased the price of the people's car? Then, regarding losses, next year, if the price is increased by Rs. 25,000 and, at the same time, production is also increased, definitely there will be huge losses though you say that there is no loss this year. So may I know from the Government for what reasons you are killing the golden goose that lays golden eggs?

PROF. K. K. TEWARY: No. 1, we do not entertain or allow lobbies to interfere with our work, and price structure and other commercial activities of the Company are absolutely independent of any influence of lobbies. So far as the price is concerned, I have stated in categorical terms that there are factors which have been beyond our control; that is why we have not been able to keep the prices very low. There have been increases in the price and production level as you can see. I can give the details. The production level of the cars has gone up very much, and this has been because of demand in the market, and by increasing the production level more than what was provided in the project report I think that has also

contributed to the present reasonable level of price increase in the Maruti Udyog.

श्री सत्य प्रकाश मालवीय : मान्यवर उत्तर में बतलाया गया है कि मारुति उद्योग ने अपने उत्पादन और बिक्री कार्य में कोई घाटा नहीं उठाया है। मैं यह जानना चाहता हूं 1984–85, 1985–86 और 1986–87 में अलग-अलग प्रतिवर्ष कितनी धनराशि का लाभ मारुति उद्योग को हुआ ?

श्री के०के० तिवारी : मान्यवर, जो फायदा मारुति उद्योग को हुआ है मैं हर साल की प्रोजेक्ट रिपोर्ट की फिगर्ज आपको बता देना चाहता हूं इससे सारी बातें साफ हो जाएंगी। प्रोजेक्ट रिपोर्ट के अनुसार 1987–88 तक एक्चुअली घाटे की उम्मीद थी लेकिन उसके मुकाबले में उल्टा हमने हर साल फायदा किया है जो आपके सामने है। 1983–84 में प्रोजेक्ट रिपोर्ट के अनुसार हमारा एक करोड़ पन्द्रह लाख का घाटा होना चाहिए था लेकिन हमने एक करोड़ सत्तर लाख का फायदा किया है। 1984–85 में हम को घाटा होना चाहिए था 7 करोड़ 68 लाख का लेकिन हमने 90 लाख का फायदा किया है। इसी तरह 1985–86 में हम को घाटा होना चाहिए था 11 करोड़ 70 लाख का लेकिन हम ने तीन करोड़ का फायदा किया है। 1986–87 में हम को घाटा होना चाहिए था 12 करोड़ 87 लाख का लेकिन हमारी जो प्रोजेक्टिड प्रोफिट फिगर है वह 7 करोड़ 5 लाख की है।

SHRI NIRMAL CHATTERJEE: Sir, I have great admiration for the hon. Minister. He is no respecter of persons--he has proved himself-excepting perhaps three--the Lok Sabha Speaker, yourself and the Prime Minister. But, Sir, what I want him to be is that at least he should be a respecter of truth. He said he has poius hopes. No fault in that. But when they are translated into promises, they become wishes. Now the question is: is there not a cheaper car than Dolphin? Don't say it is a four wheeler. That is produced at a smaller scale. If the technology imported is the latest and the scale of operation is higher, in spite of that why Maruti cannot be cheaper than Dolphin. That is question No.1.

MR. CHAIRMAN: (a).

SHRI NIRMAL CHATTERJEE: Yes, (a) I am obedient to you. (*Interruptions*) Part (b) of the question--I pick it from him--is what you have told is that as a mode of financing, companies do go out to the market and borrow. And incidentally they pay a rate of interest. It is not profit. When the interest is paid out, that is calculated as a cost. The question is, have you taken into account this element of interest payment as a cost while arriving at the profit? That is part (b). Part (c) is about indigenisation. It is no use saying: we have failed. We have understood that getting into collaboration is risky because of depreciation in our currency. What was the target and how far are we away from that target in terms of the time schedule? Now part (d). Even when...

MR. CHAIRMAN: No, no.

SHRI NIRMAL CHATTERJEE: Even when we are indigenising, as it has come out in today's press...

MR. CHAIRMAN: Mr. Chatterjee, now you must stop.

SHRI NIRMAL CHATTERJEE: He is a teacher also.

PROF. K.K. TEWARY: Mr. Chairman, Sir, obedience or respect has to be deserved and I do respect my friend Mr. Chatterjee to the extent he deserves. So far as his questions are concerned, I will take up the indigenisation part first. For indigenisation, there is a DGTD circular and guidelines have been provided stating that in automobile industry, about 70 per cent of the components have to be taken from ancillary units. The increasing emphasis has been on promoting the growth of ancillary industries in the country.

SHRI NIRMAL CHATTERJEE: What about the Maruti car?

PROF. K.K. TEWARY: I will give you the targets. So far as Maruti is concerned, we have been trying our level best. I will give the project report, the figures of indigenisation and what we have achieved and what we propose to achieve in the fifth year.

MR. CHAIRMAN: That is exactly what he wants. Come on. Come on.

PROF. K.K. TEWARY: The weighted average indigenisation in the project report for the car and the van during first year of production was 31 per cent. We have achieved 19 per cent in 1984-85. In 1985-86 project report target was 42 per cent and we have achieved 27 per cent. In 1986-87, the target was 57 per cent and we have achieved 46 per cent.

Now, there is a snag in this. So far as Maruti is concerned, we have almost reached the target of 20 per cent in in-house indigenisation during the last year. The ancillary industries have not come up to our expectations because they were largely oriented to producing components for old technology based production units in the country. They have tried to upgrade their technology. The Government has also taken steps. For example, there is delicensing in the auto ancillary sector. Then, Maruti has gone out of its way in providing financial support to ancillaries and in giving them technology support. Therefore, I would like to inform the House that by the end of 1988-89, i.e. the fifth year of our production, Maruti would have achieved the project report target of 95 per cent. I can inform this to the House.

SHRI NIRMAL CHATTERJEE: There are the other two questions.

PROF. K.K. TEWARY: About the cost pattern he was talking about, I would say that Maruti has not gone into the market for raising resources. There are items which are highly prized and there is always a demand. People naturally deposit money in advance. To say that we have gone into the market for raising funds or resources is not founded on truth. Therefore, I have not distorted any truth.

SHRI NIRMAL CHATTERJEE: It is not a question of truth. I am asking you a question. Have you taken into consideration the interest payment before arriving at your profit?

MR. CHAIRMAN: That is the Government practice.

PROF. K. K. TEWARY: I have done that.

MR. CHAIRMAN: There is one more question you have not answered. The technology is the latest and the production is also increasing. Why is the cost not coming down?

PROF. K. K. TEWARY: The cost should have been down if there was achievement of total target of indigenisation. If we would have achieved the target, then the price should have been down. Since we have not been able to achieve the indigenisation targets in toto, in full, this is not therefore, reflected in the price structure.

MR. CHAIRMAN: Next Question; Question No. 164.

Complaints against LPG dealers

*164. SHRI T. R. BALU:
SHRI V. GOPALSAMY:†

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have received complaints regarding harassment by LPG dealers in the country who insist upon the consumers to purchase stoves from them;

(b) what is the policy of the Government in this regard;

(c) in how many cases did Government take action against erring LPG dealers during the last three years; and

†The question was actually asked on the floor of the House by Shri V. Gopalsamy.